



**APPROVED ON 09-27-10**

**CITY OF SCOTTSDALE  
AUDIT COMMITTEE**

**REGULAR MEETING MINUTES  
MONDAY, AUGUST 30, 2010**

**CITY HALL  
ATTORNEY'S SMALL CONFERENCE ROOM  
3939 NORTH DRINKWATER BOULEVARD  
SCOTTSDALE, AZ 85251**

**PRESENT:** Councilman Robert Littlefield, Chair  
Councilwoman Lisa Borowsky (arrived at 3:37 p.m.)  
Vice-Mayor Suzanne Klapp

**STAFF:** John Cocca, Police Department  
Jennifer DeBruyckere, Police Department  
Mike Reardon, Police Department  
Chief Alan Rodbell, Police Department  
Lisa Gurtler, City Auditor's Office  
Sharron Walker, City Auditor's Office

## **CALL TO ORDER**

Chair Littlefield called the meeting to order at 3:32 p.m. Committee Member Borowsky was not yet present.

### **1. Approval of Minutes: Regular Meeting, June 21, 2010 and Special Meetings May 13 and 14, 2010**

Vice Mayor Klapp moved to approve the minutes of the June 21, 2010 regular meeting, and the special meeting minutes of May 13 and 14, 2010. Seconded by Chairman Littlefield, the motion carried unanimously with a vote of two (2) to zero (0). Committee Member Borowsky was not yet present.

### **2. Discussion and possible direction to staff regarding the audit of special event and off-duty coordination**

Ms. Lisa Gurtler of the City Auditor's Office reported this audit was done to evaluate the assignment of staff for these employment opportunities, including the related internal controls, collection of payments, and recovery of the City's cost to administer this program. This program allows the community and other City departments to hire off-duty police officers and aides to perform security and traffic control outside of their regular duties. Off-duty officers are compensated at an established hourly rate by private employers or paid overtime when the work is performed for City departments.

In general, the department has implemented adequate controls for the program. The audit identified three opportunities for improvement.

- Proposing an appropriate cost recovery rate subject to the approval of City Council as required in the City's financial policies. An administration fee of \$1 per officer per hour is charged to recover 4 percent of the program cost. Currently these fees provide \$8,000 per year, while the cost of the program is actually \$217,000.
- Consistently charging employers the agreed upon required fees. The auditors estimate that approximately \$54,000 in administrative fees were waived during the past three fiscal years. They were waived for certain jobs and employers such as schools and joint events with other municipalities. Management has since updated the agreement to exclude the \$1 fee for these types of events. This change will be included in the Council approved annual rate and fee schedule.
- Improving program administration through better cash handling processes.

Police Chief Alan Rodbell said he is very proud of this program. They have never achieved full cost recovery and that has never been their intent. Fees were waived where the nature of the jobs did not require charging back. Expenses are passed along to the promoters of major events. Events in Scottsdale create some economic benefit for the City. Off-duty officers outside a venue are paid overtime by the City. Anything inside a venue is paid at the off-duty rate by the event promoter.

In response to a question by Chairman Littlefield, Sergeant Mike Reardon of the Police Department explained that their office invoices event promoters. The \$1 administrative fee was not intended to cover the cost of running the program.

Chief Rodbell said the cash handling finding is internal to the Police Department. The question of full cost recovery is a policy question for Council. The auditors recommended getting a safe to keep cash in. Sergeant Reardon said Financial Services is studying whether a safe is needed. Ms. Walker clarified that the policy requires the safe, and the department can request Finance & Accounting to allow an exception from this policy.

Vice Mayor Klapp suggested scanning the checks for instant electronic deposit. The bank may even provide the scanner free or at very low cost. City Auditor Ms. Sharron Walker said this would be a question for the City Treasurer to evaluate for a Citywide policy. This audit was looked at compliance with the City's existing policy on cash handling. Ms. Walker will relay to the City Treasurer's Office the question of whether they have investigated scanning deposits.

Chief Rodbell said their practice had been to send checks to Financial Services via interoffice mail, which the auditors took issue with. He is willing to have the courier service come and pick up checks, however sometimes the cost of the delivery service is more than the value of the check. Another option would be to have Sergeant Reardon hand deliver the checks in his police car which can also be costly. Scanning may resolve all these issues. Otherwise, if allowed, they are prepared to continue locking the checks in a locked office at the police station.

**3. Discussion and possible direction to staff regarding status of FY2010/11 Audit Plan**

In response to Chairman Littlefield's inquiry, Ms. Walker said audits are currently on schedule.

**4. Discussion and possible direction to staff regarding Taxpayer Problem Resolution Officer Quarterly Report**

Ms. Walker said this report is an update. It now shows year to date information plus a comparison with the same quarter of the previous year. No unusual findings were made and this past quarter there were no TPRO complaints to address.

**5. Discussion of agenda items for next Audit Committee meeting (September 20, 2010)**

For the September meeting, Ms. Walker said the Parks & Recreation Department's intergovernmental agreements audit will be presented. Auditors will also present an audit report on compensation practices and controls. In June, Council directed Human Resources to work with the Audit Committee on benefits. Related to that direction, HR is on the draft September agenda for a benefits discussion.

Vice Mayor Klapp asked what is meant by compensation practices. Ms. Walker said the auditors compared City Code and policies to what is actually happening. Some practices may have developed that are not currently in policy.

### **Public Comment**

No members of the public wished to address the Committee.

### **Adjournment**

The meeting adjourned at 3:48 p.m.

Respectfully submitted,  
A/V Tronics, Inc. DBA AVTranz.